

Senate Finance Committee

Testimony on House Bill 123
July 9, 2018

Chairman Oelslager, Vice-Chair Manning, Ranking Member Skindell and members of the Senate Finance Committee, I'd like to extend my sincere appreciation to each of you for the opportunity to discuss this devastating piece of legislation. My name is Cheney Pruett and I am the founder and CEO of CashMax. I am here today representing not only my company, the more than 300 Ohioans I employ and the Ohio Consumer Lenders Association, but also the hundreds of thousands of Ohioans who rely on our products and services each year.

I will start my testimony by stating I was stunned by what I heard during the last hearing on House Bill 123. After listening to Pew, a self-proclaimed "research" institute spout untruth after untruth, I knew there had to be more to the story. No one, especially a billion-dollar research firm, could be this incorrect, this often. There had to be ulterior motives. To get to the bottom of this, I began to research Pew and its involvement in the short-term loan industry and have even formally questioned Pew's repeated falsities to which I was informed by their attorneys, that their "advocacy" was protected under the 1st Amendment, as she cited the case *McIntyre vs Ohio Board of Election Commission*, because it is "core political speech." I'm not sure if that is true, but if true, I find it disgraceful that someone is allowed to enter this Statehouse and make assertions that have absolutely no factual foundation – and I think you should find it disgraceful as well.

Now I'd like to get into the details of my research — and begin with the most confounding premise — how two **non-profit** organizations could generate **\$500,221,908** in combined **profits** over the last two IRS reporting years. ^{Exhibits A-B} You heard me correctly, two **non-profits** have produced over a **half-billion dollars** in profits in just two years. Profits this high I honestly cannot even comprehend, so like Mark Felt – the Senior FBI official who investigated Watergate – I decided to "follow the money" in an attempt to understand and unravel this circuitous scandal.

The ancient Greek philosopher Archimedes aptly stated, "give me a lever long enough and a fulcrum on which to place it, and I shall move the world." After a brief analysis of the tactics employed throughout the debate for reform within the short-term lending industry, it becomes abundantly clear those advocating for the draconian measures in this bill have carefully sought to construct such a lever. Upon closer inspection, however, it becomes equally clear they have employed the art of deceit to turn this chamber, however unwittingly, into the fulcrum they need to execute their strategy. If completed, this group of charlatans would have succeeded in making the Ohio Statehouse complicit in their attempt to construct a tax-free, legally protected monopoly.

I willingly concede the statements above are deeply concerning, perhaps even inflammatory; however, when you observe the evidence of the opposition's collusion, the facts combine to weave a fabric that is impossible to ignore. The collaboration of the organizations and actors involved tie together like a Shakespearean tragedy, and as the famous playwright once stated, "something is rotten in the state of Denmark."

There are several parties involved in this conspiracy which was constructed to trick the Ohio Statehouse into ratifying its business model into law. Most notable among the cast of characters and briefly mentioned earlier is the Pew Charitable Trust – a liberal political propaganda machine masquerading itself as a research institute. Though Pew's agents are legion, its star advocate is Nick Bourke. Mr. Bourke has repeatedly testified before members of the Ohio Statehouse and has produced a myriad of articles and studies on the topic of short-term, small-dollar lending and a review of his anthology of work is quite telling. Second, we see representatives of local Credit Unions emerge. More specifically, Ohio's largest Credit Union Wright-Patt Credit Union, amassing over \$4 billion in assets,

and its Chief Executive Doug Fecher consistently lobbying both chambers of the Ohio Statehouse on the merits of HB123. Though there are other parties that factor into this story, none quite as integral to the fulfillment of this conspiracy as Velocity Solutions – a software solutions provider operating in the lending space specializing in underwriting and “big data” that caters to the credit unions. A company that is based in Florida whose Chief Executive, Christopher Leonard, admits they do no business in Ohio. Although he does no business in Ohio, he feels it necessary to provide testimony to members of both chambers of the Ohio Statehouse. What could possibly make a non-interested Floridian interested in this debate? The only reasonable explanation, to benefit financially. Again, “follow the money.” The seeds of this clandestine alliance date all the way back to 2002, and their web of connectivity has only strengthened with time. In deference to brevity and clarity, however, I will quickly and directly outline how each of these actors has colluded to encourage this body of elected officials into constructing a self-enriching monopoly under the guise of consumer protection. Consumer protections and consumer interests are not these parties’ actual motivation – profits are their true prize. If the motivation were consumer protection, I would suggest we turn our eyes to the very loans currently being made by these credit unions. The Consumer Financial Protection Bureau, a federal agency that is most critical of the Small-Dollar Loan Industry, issued findings to confirm this fact. You might be surprised to learn the Small-Dollar Loan Industry’s complaint rates fare better than virtually any other form of financial service including Mortgages, Checking Accounts, Credit Cards, Bank Loans and Credit Union Loans. In the five years the bureau researched small-dollar loan transactions, they found the complaint rate to be one for every 32,000 loan transactions. Further, the 2017 CFPB Annual Report on consumer complaints shows that nationwide, payday loan complaints accounted for less than 1% of total complaints submitted to the bureau while bank and credit union products dominated the top five. While payday loan complaints account for less than 1%, mortgages account for 12%, savings and checking account complaints account for 8% and vehicle loans accounted for 3%. If the motivation of our opposition is truly consumer protection, I suggest their time would be better spent learning how to please their current customer base, as opposed to trying to pilfer ours who by relative standards, are undeniably more satisfied.

Perhaps the comments made by Wright-Patt’s CEO Douglas Fecher in his 2002 interview with the Credit Union Times Magazine best establishes the context. It’s here where he admitted it would require a willing legislature to ultimately put me and my competitors out of business. The article states, **“Fecher doesn’t necessarily believe that competition from credit unions will put commercial payday lenders out of business. He expects that, ultimately, legislation will do that.”**¹ After waiting sixteen years, Mr. Fecher has finally located the partners he needs to help him achieve his objective and effectively weaponize the legislative process to remove his competitors and give him unfettered access to those in need of small-dollar, short-term credit. We’ll revisit the motivations of Wright-Patt’s Chief Executive in a moment, but it’s helpful to first shine a light on the motivation and methodology of Mr. Bourke and his colleagues at Pew.

In his testimony before this body on June 27, Mr. Bourke repeatedly propagated factual inaccuracies in his attempt to construct a strawman and cast disparagement upon our entire industry. His most brazen falsehood dealt with the topic of current rates consumers face in Ohio; Bourke stated, “companies charge Ohioans four times more for short-term loans in Ohio than they charge elsewhere.” In fairness to Mr. Bourke, his quote was specifically directed at a small number of operators within the state that have a significant footprint; namely Advance America, ACE Cash Express, and Check Into Cash. The entire “research” upon which he bases these claims is predicated upon a cursory review of company websites where Pew took one loan example – which happened to be the worst-case scenario – and purports the average of these worst-case scenarios as the “typical” loan transaction in Ohio. **By its own admission in an Interested Party meeting**, Pew admitted it neglected to research nor did it analyze any sort of loan transaction data. Pew further conceded this point in a letter to Representative Bill Seitz in August 2017 – and now, almost a year later, these same lies are being spoken. Over the

last week, while doing my research, I also took the time to research the rates charged by these companies in every state in which they operate. What I found was not surprising; what each of these companies charge in Ohio is materially similar to what they charge elsewhere – and often times, the rates currently charged in Ohio were lower. But you shouldn't take my word for it. A careful review of millions of actual loan transactions from an independent third-party research institute – one that actually researched and analyzed loan transaction data – proved Ohio consumers pay much less than Pew's stated rates. More specifically, the study's author commented, **"actual prices we observe in Ohio are less than half of what is alleged in the [Pew] Fact Sheet, based on actual loans made at the time the authors of the Fact Sheet studied Ohio prices."**² Admittedly, there is a small sample of loans within the empirical data-study that do come closer to Bourke's ridiculous assertions and the independent research firm directly addressed the low frequency of these outliers by stating these **"borrowing patterns occur in less than 0.1% of storefront payday loans."**² This is Pew's clear attempt at using inaccurate hyperbole to fabricate an environment demanding immediate redress. The facts, however, tell an altogether different story. In the interest of time, I will succinctly correct just three of the fallacies Bourke made during his testimony in front of this committee.

1. When asked by the Chairman whether or not Senator Huffman's alternative to HB123 would change the way current short-term lenders operate, Bourke demurred and ultimately dodged the question altogether after uttering a string of qualifiers. The Chairman acknowledged Bourke's right to avoid giving an answer, respectfully chose to not badger Mr. Bourke and subsequently presented a new question related to the impact of Senator Huffman's proposal. The Chairman asked "is it worse for lenders in the State of Ohio to do business than the current law?" Bourke flatly stated, "no, Sir."

Response: After a thorough analysis of the impact of Senator Huffman's proposal, I would be forced to shut-down approximately 20% of my storefront locations and send 40 Ohioans to the unemployment line. Me and the 40 employees I would be forced to let go wholeheartedly disagree with Mr. Bourke. Just as disturbing but more deceiving is when considered in context, Mr. Bourke's comments certainly do not comport with his previous assertions that Ohio fees are typically "591%" and the "highest in the nation." If his own allegations about exorbitant rates are true, it seems mathematically impossible to go from "591%" to a rate that shall never exceed 360%, without a substantial reduction in revenue. It appears that Mr. Bourke wants to have it both ways. To provoke hysteria, he and his allies at Pew tout "highest in the nation" and bemoan rates of "591%" to every media outlet in this state, yet when that narrative no longer suits his objective he flips the story to state that rate caps with a not-to-exceed amount of 360% won't impose any barriers or hardships for current operators.

2. When the Chairman asked whether or not a law similar to HB123 has been implemented in another state, Bourke replied emphatically, "yes, Sir." Upon further inspection of this comment by Senator Coley, Bourke yet again issued qualifiers by stating, "as I discussed in my testimony the other day, HB123 is built on a model. That is the Colorado model. But it has several improvements, so it is not in every way like Colorado, but it is built on the model of Colorado."

Response: Without equivocation or hesitation, I can emphatically state HB123 is a completely untested piece of legislation. Though there are similarities between HB123 and the Colorado construct, there are far more onerous restrictions included in HB123. Mr. Bourke refers to these differences as "improvements"; these are only "improvements" if your desire is to decimate an industry – I think they are better described as death knells. Overly restrictive loan limits coupled with insurmountable rate caps guarantees our demise – and I am unwilling to believe this comes as a surprise to a billion-dollar research institute. For the sake of argument, lets incorrectly assume that his statement is true and in fact HB123 is like Colorado. I do not operate in

Colorado as my only presence is in Ohio but I do have some knowledge as to this horrible “model” as Mr. Bourke commonly refers to it. Since 2010, half of the short-term loan industry in Colorado has shut its doors and over three-fourths of the locally owned and operated storefronts have closed. The only ones remaining are in densely populated areas where ancillary products, such as check cashing – which is dying a slow death in this digital age – momentarily carry the water. Those Coloradoans who do not live in densely populated areas, cities with populations of 50,000 or less, no longer have convenient access to state-licensed credit options. Just as the almost 9 million Ohioans who live in cities with populations of 50,000 or less will no longer have access to state-licensed credit options if HB123 is passed. When consumers don’t have access to storefront or state-licensed online credit options they must turn to the unregulated – which is what many now do in Colorado. I will elaborate on the perils of unregulated online loans in a moment when I impugn the last of Mr. Bourke’s statements I plan to address today – this time from one of his very own publications.

3. In Mr. Bourke’s testimony, he made reference to the demonstrable trend of consumer tendency to navigate towards unregulated forms of credit after a state’s attempt to over-regulate these products stating, “elimination of payday lending has downsides. But it is certainly, clearly better than the status quo. If you choose to eliminate payday lending and you are concerned about the admittedly small number of people who may obtain loans illegally, I recommend you take a couple further actions.”

*Response: This is another example of Mr. Bourke attempting to have it both ways, albeit, in a far more sinister manner. In the portion of his testimony referenced above, Bourke attempts to discredit our industry’s assertion that customers, when faced with a restriction in the availability of regulated credit options, seek out less secure, unregulated sources to meet their needs. In his article entitled *Online Lending and the Integrity of the Banking System*³ (Volume 18 Issue 2 of Thomson Reuters) Bourke rails against the perils of Online Lending. He states that approximately 70% of online operators avoid obtaining a license in the state in which they conduct business. He also cites the average **APR of these loans as being above 650%**. He sums his position up well when saying that Pew’s findings “... **demonstrated that there is widespread fraud and abuse in the online lending market, and that these problems are concentrated among the lenders not licensed in all the states where they lend ... This research, combined with evidence from numerous cases and enforcement actions, demonstrates that unlicensed online lenders represent significant risk to consumers ...**” It seems to me, Mr. Bourke is making a compelling argument confirming the evidence offered by me and our trade association. If there is a lack of available credit options and consumers are forced to look for unregulated sources of credit, they do so at their own peril. What’s unstated, yet undeniable, is the preferred outcome Mr. Bourke seeks to achieve. If he succeeds in co-opting the legislature to implement HB123, or a similar variant, it will eliminate the majority of storefront operators in Ohio, such as myself, while also preventing online operators from obtaining a legitimate state license. All the while, hundreds of thousands of Ohioans flock to unregulated online sources for short-term cash because if the credit unions were capable of adequately serving our customers, they would already be doing so.*

I recognize the seriousness of the allegations I’ve made here today, and I will conclude my comments before this respected chamber by showing additional evidence confirming the intricate nexus between Pew, Wright-Patt Credit Union and Velocity Solutions.

Though Pew may not forthrightly disclose its affinity and preference for Credit Unions, a cursory examination of its supposed research studies highlights its bias. In December of 2015, Bourke published an article entitled *Why Credit Unions Should Watch the Payday Loan Market*⁴. This article

was published in the Credit Union Times Magazine and blatantly encourages federal regulators to support the Credit Union's Payday Alternative Loan (PAL) program. Bourke further states that he has engaged "credit union executives nationwide" in an attempt to ascertain the legislative changes required to "minimize the regulatory burden and allow origination of better loans..." underwritten by Credit Unions. As a firm believer in the free-market, I support a regulatory environment that is fair and open to new entrants. Competition is the great equalizer; however, there's nothing preventing Ohio's Credit Unions from entering the current market and providing a product with the rates and terms articulated in HB123. Referring back to the comments of Wright-Patt's CEO Fecher, he doesn't believe he can out-compete in a fair and free market; he has tried, and he has failed – or at least failed in his ability to service the small-dollar loan customer. Sixteen years later he is still trying, and still losing – in my company's short 6-year history, we have helped over 2,000 Wright-Patt customers with their short-term loan needs. As I stand before you today, I can proudly say that I am currently helping 303 of them as they have active loans through my company. These customers would make prime candidates for Mr. Fecher's organization to pitch his "better loans" to – if they are in fact better like the opposition states – yet he has chosen to sit on the sidelines and invest his time partnering with Pew to try to cull out a legislative advantage for his tax-free, legally protected monopoly. If credit unions are the solution, why do Mr. Fecher's members choose to use my services over his admittedly cheaper Stretchpay product? I'm not certain, but maybe Alex Horowitz of Pew stated it best when he said in an article published by American Banker, **"It is also not clear whether subprime customers will choose less expensive bank loans over payday lenders since many consumers like the speed and certainty those companies provide. A lower price point and more affordable payments is not enough."**⁵ Understanding this to be true, Fecher decided to seek the assistance of an unwitting legislative body, following the recommendations of a self-proclaimed research institute such as Pew and use this institution, the Ohio General Assembly, as the *fulcrum* needed to tilt the odds in his favor.

We all know the old saying, I "saved the best for last" – unfortunately today, I've saved the most despicable for last. The slides I am about to show you are from a joint webinar presented on the National Association of Federally-Insured Credit Union's (NAFCU) website which was hosted by the final member of this conspiratorial cast. Christopher Leonard, CEO of Velocity Solutions leads this webinar and flagrantly displays the undeniable nexus of our opposition. Please note the inclusion of all the actors in this webinar titled "How Credit Unions Can Win Against Payday Lenders." Even more disturbing, it explicitly unveils the motivation behind this unholy alliance and proudly displays it during this webinar – "Financial Institution consumers currently pay more in fees for payment liquidity to others than they pay to Financial Institutions in overdraft. **"We can define and serve these consumers discretely."** More profits for Credit Unions and in turn, more donations to Pew – again, "follow the money."

Until watching this webinar led by one of the conspirators, I had no idea there were two types of overdrafters – the aware and the unaware. The unaware overdrafter, the one who can't or won't balance her checkbook and accumulates these fees unintentionally, are not the ultimate target of this plan. Financial Institutions can consistently count on this group of unintentional borrowers to continue to generate \$17 billion in revenue each year—a market twice the size of the payday loan market. However, this \$17 billion per year market segment is not enough, it's the \$9 billion in short-term loan fees and another \$9 billion paid in late fees each year by those who are financially aware this group is after. Leonard describes the brilliance of his plan best when he states that by only targeting the group of consumers who are actually aware they are in the midst of a financial struggle, they don't even have to "cannibalize [their unaware] overdraft...these are a different group and our data has shown that."

Further this webinar lays out how market-share can be taken from storefront operators such as myself by using the "research" from Pew and the software and "big data" from Velocity Solutions (each entity has a logo represented on the slide) and placing these customers in products that carry a price-tag of

three to four times what we charge – overdraft protection. As Leonard points out in this webinar, “consumers have access to payday loan stores much more than they perceive they have access to a loan from their credit union.” How do the conspirators plan to resolve this problem? The solution, at least to Mr. Fecher of Wright-Patt is clear, and has been clear for 16 years. As he prophetically stated, he doesn’t believe that competition from credit unions will put payday lenders out of business. Fecher’s been trying that for almost two decades to no avail. “He expects that, ultimately, legislation will do that.”¹ Put most succinctly, this is why we are here today. Not because of an up-swell of consumer complaints or deficiencies in the marketplace, but because a couple of multi-billion-dollar non-profits, who earn hundreds of million per year in profit, seek to cull out a tax-free, legalized monopoly to the detriment of those they hope to “serve.”

I want to conclude with this – the connection between these organizations runs deeper but the evidence included here today exposes the scheme and its motivation. I am happy to provide additional supporting information if you would like to investigate further, but in respect for your time I will simply conclude by imploring you to exercise circumspection as you execute your duty as an elected official. With all due respect, you are being duped – and if you pass this bill based upon the information you have been presented by the cast of characters I have discussed today, I’m afraid you are setting yourself up for a Nancy Pelosi, *pass the bill to find out what’s in it* moment. While that may be embarrassing to some, it’s an absolute abomination to many others. The vast majority of Ohioans who now qualify for short-term credit will be forced to turn to higher-priced alternatives such as online lenders who will not be licensed by the state of Ohio or to even **more expensive forms of credit such as overdraft protection**, that most often carry APR’s in excess of 1,000%, which is always available to you whether you’re aware or unaware of your financial condition, by your neighborhood credit union.

As I’ve stated numerous times during my 18-month engagement in this legislative process, I sincerely favor a regulatory framework that strikes a fair balance between free-markets and consumer protections. I support your efforts to reign in the excesses of the outliers in our current market, but I implore you to avoid overcorrecting and in doing so, become complicit in creating a legalized monopoly for Velocity Solutions and Mr. Fecher’s organization, which in-turn allows Pew’s pockets to be further lined for years to come. Again, non-profits that collectively earned over a **half-billion dollars** in profits in two years – all you have to do is “follow the money.”

Thank you for your time and for allowing me to testify today. It would be my privilege to answer any questions you may have.

Respectfully,

Cheney Pruett
CashMax-Ohio

Citations Page

1. "Dayton Credit Unions Looking for Payday Alternative." March 12, 2002. Credit Union Times Magazine.
2. "What's Going on in Ohio." Rick Hackett (Former Assistant Director of Federal Consumer Finance Protection Bureau (CFPB)). Clarity Services, Inc a Part of Experian. 2017. Clarity Services, Inc a Part of Experian describes itself as the leading credit reporting agency for near-prime and subprime consumers. Clarity's credit data helps businesses mitigate risk using alternative credit data.
3. "Online Lending and the Integrity of the Banking System: Behind the Heated Rhetoric over 'Operation Choke Point.'" Nick Bourke. Fintech Law Report. Thomson Reuters. Mar/Apr 2015. Volume 18 Issue 2
4. "Why Credit Unions Should Watch the Payday Loan Market." Nick Bourke. Credit Union Times Magazine. December 4, 2015.
5. "Can Small-Dollar Loans be both Profitable and Safe." Kevin Wack. American Banker. February 15, 2018.
6. NAFCU/Velocity Solutions "HOW CREDIT UNIONS CAN WIN AGAINST PAYDAY LENDERS" Webinar: <https://www.nafcu.org/education-certification/educational-resource-library/how-credit-unions-can-win-against-payday>

Exhibit A

	Dec-2016	Dec-2017
Wright-Patt Credit Union Income Statement		
	For Charter : 66328	
	Count of CU : 1	
	Asset Range : Over 500,000,000	
	Criteria : N/A	
	Count of CU in Peer Group : 531	
Return to cover		
06/22/2018		
CU Name: WRIGHT-PATT CREDIT UNION, INC.		
Peer Group: 6		
* INCOME AND EXPENSE		
INTEREST INCOME:		
Interest on Loans	109,973,988	124,391,547
Less Interest Refund	(0)	(0)
Income from Investments	7,419,022	12,639,737
Income from Trading	0	0
TOTAL INTEREST INCOME	117,393,010	137,031,284
INTEREST EXPENSE:		
Dividends	13,544,285	21,166,021
Interest on Deposits	0	0
Interest on Borrowed Money	2,282,943	3,586,961
TOTAL INTEREST EXPENSE	15,827,228	24,752,982
PROVISION FOR LOAN & LEASE LOSSES	18,465,437	21,176,523
NET INTEREST INCOME AFTER PLL	83,100,345	91,101,779
NON-INTEREST INCOME:		
Fee Income	32,256,287	34,549,113
Other Operating Income	45,987,039	46,314,804
Gain (Loss) on Investments	-312,905	67,270
Gain (Loss) on Non-Trading Derivatives	0	0
Gain (Loss) on Disposition of Assets	-199,850	-355,285
Gain from Bargain Purchase (Merger)	0	0
Other Non-Oper Income/(Expense)	0	0
NCUSIF Stabilization Income	0	0
TOTAL NON-INTEREST INCOME	77,730,571	80,575,902
NON-INTEREST EXPENSE		
Total Employee Compensation & Benefits	52,719,214	60,531,645
Travel, Conference Expense	328,175	404,660
Office Occupancy	6,505,871	6,627,856
Office Operation Expense	26,581,148	28,036,945
Educational and Promotion	2,351,217	3,330,254
Loan Servicing Expense	17,654,265	15,669,203
Professional, Outside Service	3,883,887	4,622,277
Member Insurance ¹	N/A	N/A
Member Insurance - NCUSIF Premium ²	0	0
Member Insurance - Temporary Corporate		
CU Stabilization Fund ³	0	0
Member Insurance - Other	0	0
Operating Fees	232,859	283,408
Misc Operating Expense	11,075,189	12,335,533
TOTAL NON-INTEREST EXPENSE	121,331,825	131,841,781
NET INCOME (LOSS) EXCLUDING STABILIZATION EXPENSE AND NCUSIF PREMIUMS ⁴	39,499,091	39,835,900
NET INCOME (LOSS)	39,499,091	39,835,900
RESERVE TRANSFERS:		
Transfer to Regular Reserve	0	0
<p>* All Income/Expense amounts are year-to-date while the related % change ratios are annualized.</p> <p># Means the number is too large to display in the cell</p> <p>¹ From September 2009 to December 2010, this account includes NCUSIF Premium Expense.</p> <p>² For December 2010 forward, this account includes only NCUSIF Premium Expense.</p> <p>³ From March 2009 to June 2009, this account was named NCUSIF Stabilization Expense and included the NCUSIF Premium Expense. For September 2009 and forward,</p> <p>⁴ Prior to September 2010, this account was named Net Income (Loss) Before NCUSIF Stabilization Expense. From December 2010 forward, NCUSIF</p>		

Exhibit B

Form **990** **Return of Organization Exempt From Income Tax** OMB No. 1545-0047
 Department of the Treasury Internal Revenue Service Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
 ▶ Do not enter Social Security numbers on this form as it may be made public. ▶ Information about Form 990 and its instructions is at www.irs.gov/form990. **2016**
Open to Public Inspection

A For the 2016 calendar year, or tax year beginning 07/01, 2016, and ending 06/30, 2017

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization: **THE PEW CHARITABLE TRUSTS**
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
2005 MARKET STREET, SUITE 2800
 City or town, state or province, country, and ZIP or foreign postal code
PHILADELPHIA, PA 19103

D Employer identification number: **56-2307147**

E Telephone number: **(215) 575-9050**

F Name and address of principal officer: **REBECCA W. RIMEL**
2005 MARKET STREET SUITE 2800 PHILADELPHIA, PA 19103

G Gross receipts \$ **1,337,693,434.**

H(a) Is this a group return for subordinates? Yes No **X**
H(b) Are all subordinates included? Yes No
 If "No," attach a list. (see instructions)

I Tax-exempt status: 501(c)(3) 501(c) () (insert no.) 4947(a)(1) or 527

J Website: ▶ **WWW.PEWTRUSTS.ORG**

K Form of organization: Corporation Trust Association Other ▶ **L** Year of formation: **2002** **M** State of legal domicile: **PA**

H(c) Group exemption number ▶

Part I Summary

1 Briefly describe the organization's mission or most significant activities:
IMPROVING PUBLIC POLICY, INFORMING THE PUBLIC, AND INVIGORATING CIVIC LIFE.

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets.


3 Number of voting members of the governing body (Part VI, line 1a)	3	13.
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	12.
5 Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5	1,032.
6 Total number of volunteers (estimate if necessary)	6	90.
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	998,852.
b Net unrelated business taxable income from Form 990-T, line 34	7b	-46,870.

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	694,860,174.	308,831,757.
9 Program service revenue (Part VIII, line 2g)	1,119,550.	1,654,543.
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	13,552,439.	23,354,662.
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,184,344.	1,578,157.
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	710,716,507.	335,419,119.
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	118,756,786.	111,103,336.
14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	110,599,511.	116,895,481.
16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	100,702.
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 6,238,283.		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	82,172,316.	85,620,577.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	311,528,613.	313,720,096.
19 Revenue less expenses. Subtract line 18 from line 12	399,187,894.	21,699,023.
	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	1,223,828,489.	1,273,723,150.
21 Total liabilities (Part X, line 26)	402,521,608.	382,795,560.
22 Net assets or fund balances. Subtract line 21 from line 20	821,306,881.	890,927,590.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Webinar Exhibits


NAFCU National Association of Federally-Insured Credit Unions
 / Education & Certification / Search All Educational Resources / How Credit Unions Can Win Against Payday Lenders

How Credit Unions Can Win Against Payday Lenders

May 30, 2018 | 2:00pm - 2:30pm ET

Payment Liquidity Space

Consumers wanting more assured methods of covering shortfalls find paying biller late fees more attractive


Payment Liquidity

\$58B


- NSF \$27B
- Biller Late Fees \$22B
- Payday Loan Fees \$9B

The Biller Late Fee Market

Households	130 Million
Bills Per Month	18
Total Annual Bills	28 Billion
% Late	5%
Total Late Bills	1.4 Billion
Avg. Late Fees Per Event	\$16
Total Fees Late Payments	\$22 Billion



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NAFCU National Association of Federally-Insured Credit Unions
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How Credit Unions Can Win Against Payday Lenders


May 30, 2018 | 2:00pm - 2:30pm ET

Payment Liquidity Space

FI consumers currently pay more in fees for payment liquidity to others than they pay to FIs in overdraft. We can define and serve these consumers discretely.

Payment/Purchase Impact Awareness

	AWARE	UNAWARE	Totals
Nature of Problem Transaction Timing	A. Heavy Overdrafter High Trust FI Will Cover NSF Purchases and Payments 21 + NSFs Per Year: \$17 B	B. Light Overdrafter Purchases Driven 1-20 NSFs Per Year: \$10 B	\$27 B
Nature of Problem Cash Shortfall	C. Proactive Bill Delay Low Trust FI Will Cover NSFs: Bill Payment Payday Loan, Late Fees: \$18 B	D. Reactive Bill Delay Bill Payment Driven Late Fees Assessed: \$11 B	\$29 B
Totals	\$35 B	\$21 B	\$56 B



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How Credit Unions Can Win Against Payday Lenders

May 30, 2018 | 2:00pm - 2:30pm ET

October 2017 CFPB Payday Lending Rule

On October 3, 2017, the CFPB issued its final payday lending rule, restricting lenders' ability to profit from high-interest, short-term loans.

What does the rule mean?

For Payday Loan Providers

The tough new restrictions would essentially decimate the industry, resulting in up to an 80%¹ plunge in payday loan volume. The \$37,000 annual profit generated by the average storefront lender is estimated to become a \$28,000 loss².

For Credit Unions

The rule opens vast new opportunities for credit unions to step in and offer low-risk, affordable and compliant small-dollar loans for their members in need of emergency cash.

For Consumers

Consumers who do not have access to traditional banking and need emergency cash will be forced to seek alternative sources of liquidity, such as their local, trusted credit union.

¹New York Times, "Payday Lending Faces Tough New Restrictions by Consumer Agency," October 5, 2017
²Charles River Associates, "Economic Impact on Small Lenders of the Payday Lending Rules under Consideration of the CFPB," May 12, 2015.



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How Credit Unions Can Win Against Payday Lenders

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Pew Recommended Small Loan Standards


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ISSUE BRIEF

Standards Needed for Safe Small Installment Loans From Banks, Credit Unions

February 15, 2018 | Small-Dollar Loans, Consumer Banking

"Millions of households could benefit if banks and credit unions were to offer small installment loans and lines of credit with standards strong enough to protect consumers, clear enough to avoid confusion or abuse, and streamlined enough to enable automated low-cost origination."

<http://www.pewtrusts.org/en/research-and-analysis/issue-brief/2018/02/standards-needed-for-safe-small-installment-loans-from-banks-credit-unions>

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How Credit Unions Can Win Against Payday Lenders

May 30, 2018 | 2:00pm - 2:30pm ET

Pew Recommended Small Loan Standards

- Affordable installment payments of no more than 5 percent of each paycheck or 6 percent of deposits into a checking account
- Double-digit APRs that decline as loan sizes increase
- Total costs that are no more than half of loan principal
- Loan payments that cannot trigger overdraft or nonsufficient funds fees
- Online or mobile application, with automated loan approval, so that loan funds can be quickly deposited into a borrower's checking account
- Credit bureau reporting of loan terms and repayment

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 THE PEW CHARITABLE TRUSTS


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Presented by Christopher Leonard

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About the Webinar

May 30, 2018
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American consumers lack enough savings to cover emergency expenses and have spent billions of dollars to obtain expensive, high-risk sources of liquidity. The low-income, underserved community struggles with poor credit and is often unable to obtain liquidity via traditional sources. These consumers have lost faith in big financial institutions, and as a result, companies that operate outside of the traditional banking space are moving further into the financial landscape, targeting these underserved consumers.

Community credit unions can better serve current and prospective members by offering more affordable and convenient options to obtain short-term liquidity. But historically, they have been impeded by complex regulations and untenable operational obstacles. Recognizing these obstacles, various regulatory agencies have signaled that changes are coming to ease the compliance burdens on banks and credit unions in an effort to encourage more small-dollar lending.

In this Webinar, Christopher Leonard will explain how credit unions can implement a short-term, small-dollar loan program that is efficient, affordable, and compliant, and will help you reach a segment you likely aren't currently fully serving.


 VELOCITY SOLUTIONS

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Avoid high rates and fees — an economical alternative to payday loans and check cashing outlets.

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When you run short on cash between paychecks, don't pay the high interest rates and fees at a payday lender or check cashing outlet. With a low 25% APR,* StretchPay[®] loans** are a more affordable alternative. Choose from the following:

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- A \$500 loan with a \$70 annual fee

All are payable in two monthly installments over 60 days.

*APR=Annual Percentage Rate

**StretchPay[®] loans are generally available to individuals who have been members of WPCU for at least 120 days, regardless of credit history, as long as you have no delinquent credit union accounts and are not in the process of filing for bankruptcy.

†StretchPay[®] is a registered trademark of the Ohio Credit Union League.

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Q: Who can qualify for a STRETCHPAY[®] loan?

To qualify, you have to be a member of Wright-Patt Credit Union for 120 days, be able to show proof of income, have no delinquent accounts at Wright-Patt and not be in the process of filing for bankruptcy. We will also do a minimal credit review of your history with payday lenders.



Checking Account Disclosure of Fees, Terms and Conditions

(Truth-in-Savings Disclosure)

How Your Account Works for You

Wright-Patt Credit Union (WPCU) is committed to helping you Save Better, Borrow Smarter and Learn a Lot! The following Disclosure will help you understand exactly how your checking account works, how to avoid fees, and how to grow your money. For complete terms governing your account, please see your "Important Account Information" document.

YOUR CHECKING ACCOUNT: OVERDRAFT PROTECTION PLANS			
The following overdraft protection plans are available on your checking account.			
OPTIONS FOR MANAGING OVERDRAFT	Overdraft Options	Fees	How Transactions Are Handled
	Option A No Overdraft Protection (Default Option)	No Overdraft Fee	If you choose not to opt in to any kind of overdraft service, transactions that would cause an overdraft will be declined.
	Option B Overdraft Protection using Savings Account	\$5.00 Transfer Fee	Overdraft Protection using a savings account moves money from a pre-determined savings account into your checking account to cover an overdraft. Funds are transferred in increments of \$100.00 per overdraft to cover negative account balance. Limited to six (6) per month.
	Option C Overdraft Protection using Line of Credit	\$0.00 Transfer Fee	Overdraft Protection using a line of credit moves money from a pre-determined line of credit account into your checking account to cover an overdraft. Interest will apply for transfers from your line of credit. Funds are transferred in increments of \$100.00 per overdraft to cover negative account balance.
	Option D Debit/ATM Overdraft Coverage ⁶	\$19.00 Overdraft Fee	Overdraft Coverage that allows us to authorize debit card and ATM transactions, at our discretion, when there is not enough funds available in your account.
	Option E Courtesy Pay Coverage ⁷ (Checks/ACH)	\$25.00 NSF Fee	If no funds are available or if you have declined Overdraft Protection on your account, we can honor your checks and ACH transactions and draw your account negative. However, you will avoid merchant returned item fees and will only be charged Our standard NSF fee. Not to exceed more than 10 checks per month or 60 checks per year.